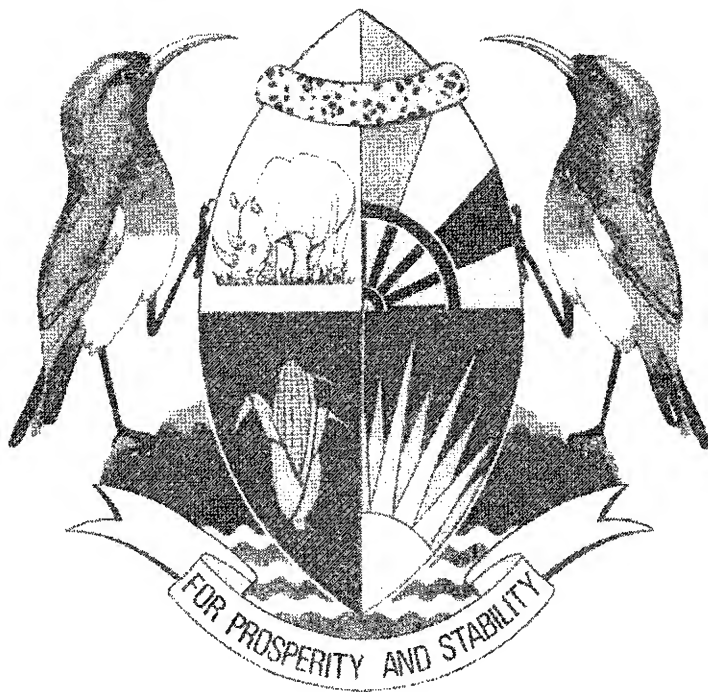


# **WATERBERG DISTRICT MUNICIPALITY**



# **WATERBERG DISTRICT MUNICIPALITY**

## **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

I am responsible for the preparation of these annual financial statements which are set out on pages 1 to 31, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 15 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, the Minister of Provincial and Local Government's determination in accordance with this Act and Government Gazette no. 29447 dated 1 December 2006.

I have complied with the disclosure requirements in terms of section 122 to 126 of the Municipal Finance Management Act, No 56 of 2003.



**J M MAMABOLO**  
**ACTING MUNICIPAL MANAGER**

30.08.2007

**DATE**

# INDEX

The reports and statements set out below comprise the annual financial statements:

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# WATERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>116 543 241</b>	<b>94 202 421</b>
Government Grant Reserve		30 465	226 978
Donations and Public Contributions Reserve		1 149 476	1 158 321
Revaluation Reserve		431 997	431 997
Accumulated surplus		114 931 302	92 385 125
<b>Current liabilities</b>		<b>8 052 801</b>	<b>16 101 428</b>
Consumer deposits	1	9 366	12 366
Provisions	2	1 624 276	1 711 548
Creditors	4	326 559	3 290 194
Unspent conditional grants and receipts	5	6 092 591	10 979 748
VAT	6	-	107 572
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b><u>124 596 042</u></b>	<b><u>110 303 849</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>25 454 517</b>	<b>24 287 683</b>
Property, plant and equipment	3	25 424 052	24 200 661
Long term receivables	7	30 465	87 022
<b>Current assets</b>		<b>99 141 525</b>	<b>86 016 166</b>
Consumer debtors	8	322 956	1 882 269
Other debtors	9	814 010	849 733
Current portion of long term debtors	7	0	106 608
Call Investment deposits	10	20 000 000	13 000 000
Bank balance and cash	11	77 206 158	70 177 556
VAT	6	798 401	0
<b>TOTAL ASSETS</b>		<b><u>124 596 042</u></b>	<b><u>110 303 849</u></b>

# WATERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
<b>REVENUE</b>			
Regional Services Levies - turnover		4 020 244	31 544 372
Regional Services Levies - remuneration		896 927	11 657 443
Interest earned - external investments		8 099 390	6 104 610
Interest earned - outstanding debtors		165 042	99 819
Service charges	12	2 004 164	1 910 248
Other income		399 708	332 434
Government and other grants	13	57 093 560	67 552 016
Public contributions and donations		53 403	181 286
Gain on disposal of Property, Plant and Equipment		52 982	44
<b>Total Revenue</b>		<b>72 785 420</b>	<b>119 382 272</b>
<b>EXPENDITURE</b>			
Employee related costs	14	16 539 542	16 737 306
Remuneration of councillors	15	2 819 494	2 246 533
Bad debt		635 759	1 618
General expenses		7 341 572	7 181 711
Repairs & Maintenance		262 478	184 638
Fire Fighting		2 691 920	2 832 499
Project Expenditure		12 749 237	31 717 336
MIG Expenditure		5 962 083	55 360 041
Depreciation		1 442 515	1 251 553
Loss on disposal of Property, Plant and Equipment		-	4 024
<b>Total Expenditure</b>		<b>50 444 600</b>	<b>117 517 259</b>
<b>SURPLUS FOR THE YEAR</b>		<b>22 340 820</b>	<b>1 865 013</b>

Refer to Appendix E(1) for the comparison with the approved budget

# WATERBERG DISTRICT MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR HTE YEAR ENDED 30 JUNE 2007

	<u>Government Grant Reserve</u>	<u>Donations and Public Contributions Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R
<b>2006</b>					
Balance at 1 July 2005	286 032	1 112 253	431 997	90 682 340	92 512 622
Correction of errors				( 318 301)	( 318 301)
Restated balance	286 032	1 112 253	431 997	90 364 039	92 194 321
Net deficit for the year				1 865 013	1 865 013
Capital grants used to PPE	3 042			( 3 042)	
Donated/contributed PPE conversion		181 287		( 181 287)	
Asset disposals		( 135 219)		135 219	
Offsetting of Depreciation	( 62 096)			62 096	
Revaluation of land				-	
Balance at 30 June 2006	226 978	1 158 321	431 997	92 242 038	94 059 334
<b>2007</b>					
Correction of error (Note 15)				143 087	143 087
Restated balance	226 978	1 158 321	431 997	92 385 125	94 202 421
Net surplus for the year				22 340 820	22 340 820
Capital grants used to PPE				-	-
Donated/contributed PPE		53 403		( 53 403)	-
Offsetting of Depreciation	( 196 513)	( 62 248)		258 761	-
Balance at 30 June 2007	30 465	1 149 476	431 997	114 931 302	116 543 241

# WATERBERG DISTRICT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		60 495 556	109 359 680
Cash paid to suppliers and employees		(59 281 628)	(98 375 370)
Cash generated from operations	17	1 213 929	13 984 310
Interest received		8 264 432	5 104 610
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>9 478 361</b>	<b>17 088 920</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(2 692 425)	(12 917 399)
Proceeds on disposal of property, plant and equipment		79 501	7 500
Decrease in Long Term Receivables		163 165	271 636
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(2 449 759)</b>	<b>(12 638 263)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>7 028 602</b>	<b>4 450 657</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>(70 177 556)</b>	<b>(65 726 899)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	18	<b>77 206 158</b>	<b>70 177 556</b>

**WATERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2007**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- *General Notice 991 of 2005*, issued in *Government Gazette* no. 28095 of 15 December 2005; and
- *General Notice 992 of 2005*, issued in *Government Gazette* no. 28095 of 15 December 2005.

The standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes on Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Subsidiaries
GAMAP 7	Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraph 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board. Exemptions were given from complying with certain standards in terms of clause 2(2) of *Government Gazette* no. 30013 of 29 June 2007.

The accounting policies are consistent with those of the previous financial year. A summary of the significant accounting policies are disclosed below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.



**WATERBERG DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2007**

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4 RESERVES**

**1.4.1 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

**1.4.2 Donation and Public Contributions Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donation and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment, financed from donations and public contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

**WATERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2007**

**1.4 RESERVES (continued)**

**1.4.3 Revaluation Reserve**

The surplus arising from the revaluation of the property, plant and equipment is credited to the Revaluation Reserve

**1.5 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land, which is revalued as indicated below. Land is not depreciated as it is deemed to have an indefinite life.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset is met.

The fair value of land is usually stated at the market value, determined by appraisal. An appraisal of the value is normally undertaken by a member of the valuation profession who holds a recognized and relevant professional qualification.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	<u>Years</u>
Buildings	30
Motor Vehicles	5
Office Equipment	5 - 7
Furniture and Fittings	7
Machinery	5 - 7
Security systems	5
Specialised vehicles	20

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The municipality did not review the useful life or the depreciation method used on the assets recognised in the annual financial statements for the 2006/07 financial year due to the exemption granted in Gazette 30013. The municipality is also exempted from applying IAS36: Impairment of Assets for the financial year ending 30 June 2007 in terms of clause 2(2) of Government Gazette no. 30013 of 29 June 2007.

**WATERBERG DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2007**

**1.6. INVESTMENTS**

Financial instruments, which include fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**1.7 ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables on the abattoir and RSC levy debtors, based on a review on outstanding amounts above 90 days at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

**1.8 TRADE CREDITORS**

Trade creditors are stated at their nominal value.

**1.9 REVENUE RECOGNITION**

Revenue from the sale of goods and or services may be recognised at its face value (i.e. cost), and in addition, any payables from the purchase of goods and services should also be recognised at face value (i.e. cost) in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007.

The municipality is also exempted from applying IAS20: Accounting for Government Grants and Disclosure of Government Assistance for the financial year ending 30 June 2007 in terms of clause 2(2) of Government Gazette no. 30013 of 29 June 2007 as adequate guidance can be found in GAMAP 9, GAMAP 17 and GAMAP 12.

**1.9.1 Revenue from Exchange Transactions**

Interest is recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognized.

**WATERBERG DISTRICT MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2007**

**1.9 REVENUE RECOGNITION (continued)**

**1.9.2 Revenue from non-exchange transactions**

Revenue from RSC Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Where declarations have not been submitted in the reporting period when payment was due, estimated levies based on average data is determined.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use. Contributed property, plant and equipment are recognized when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognized when the recovery thereof from the responsible councillors or officials is virtually certain.

**1.10 CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Unutilised conditional grants are reflected in the Statement of Financial Position as a current liability and are always cash backed.

**1.11 PROVISIONS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

**1.12 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

**WATERBERG DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2007**

**1.13 LEASES**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

"Smoothing" of operating lease expenses/revenues in the statement of financial performance is not required for the 2006/07 and 2007/08 financial years in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007.

**1.14 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.15 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.16 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
30 JUNE 2007**

**1.17 COMPARATIVE INFORMATION**

**1.17.1 Current year comparatives**

Budgeted amounts have been included in the annual financial statements for the current financial year only.

**1.17.2 Prior year comparatives**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

**1.18 RETIREMENT BENEFITS**

The Municipality provides retirement benefits for its employees and councilors. The Municipality has accounted for the defined contribution plan as a defined contribution plan for the 2006/07 financial year as permitted in terms of Gazette 30013. Accordingly, the Municipality recognises the contributions to the scheme as an expense when the employees and councilors have rendered the employment service or served office entitling them to the contributions.

**1.19 FINANCIAL INSTRUMENTS**

Non-derivative financial instruments comprise consumer and other debtors, cash and cash equivalents and consumer and other creditors.

Non-derivative financial instruments are recognized at face value (i.e. cost), in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007, plus any attributable transaction costs.

A financial instrument is recognized if the Municipality becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Municipality's contractual rights to the cash flows from the financial assets expire or if the Municipality transfers the financial asset to another party without retaining control or substantially all risk and rewards of the asset. Financial liabilities are derecognized if the Municipality's obligations specified in the contract expire or are discharged or cancelled.

Accounting for cash and cash equivalents is discussed in note 1.12.

Accounting for interest is discussed in note 1.9.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>1 CONSUMER DEPOSITS</b>		
Abattoir	<u>9 366</u>	<u>12 366</u>
Guarantees held in lieu of abattoir deposits	<u>17 000</u>	<u>17 000</u>
<b>2 PROVISIONS</b>		
Leave	1 345 175	1 218 183
Long service awards	10 500	-
Performance bonus	<u>268 601</u>	<u>493 365</u>
	<u>1 624 276</u>	<u>1 711 548</u>
Annual leave is paid out as per employees' request or at the end of employment.		
The movement is reconciled as follows:		
Balance at beginning of year	1 218 183	-
Contributions/(reversals) to provision	126 992	1 218 183
Expenditure incurred	-	-
Balance at year end	<u>1 345 175</u>	<u>1 218 183</u>
Long service awards are paid out once a year for employees with 10, 15 or 20 years service.		
The movement is reconciled as follows:		
Balance at beginning of year	-	-
Contributions/(reversals) to provision	10 500	-
Expenditure incurred	-	-
Balance at year end	<u>10 500</u>	<u>-</u>
Performance bonuses are paid one year in arrears as the assessment of eligible employees has not taken place at the reporting date and no present obligations exist.		
The movement is reconciled as follows:		
Balance at beginning of year	493 365	-
Contributions/(reversals) to provision	(224,764)	493 365
Expenditure incurred	-	-
Balance at year end	<u>268 601</u>	<u>493 365</u>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

3

### PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings	Other	Total
	R	R	R
Carrying values at 1 July 2006	18 464 854	5 735 807	24 200 661
Cost	20 192 588	8 649 355	28 841 943
Accumulated Depreciation	(1 727 734)	(2 913 548)	(4 641 282)
Acquisitions	-	834 586	834 586
Capital under Construction	1 857 839	-	1 857 839
Depreciation	( 334 564)	(1 107 951)	(1 442 515)
Carrying value of disposals	-	( 26 519)	( 26 519)
Cost	-	( 126 472)	( 126 472)
Accumulated depreciation	-	99 953	99 953
Transfers between votes	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Carrying values at 30 June 2007	19 988 129	5 435 923	25 424 052
Cost	22 050 427	9 357 489	31 407 916
Accumulated Depreciation	(2 062 298)	(3 921 546)	(5 983 844)

Reconciliation of Carrying Value	Land and Buildings	Other	Total
	R	R	R
Carrying values at 1 July 2005	8 977 065	3 569 230	12 546 295
Cost	10 385 579	5 661 445	16 047 024
Accumulated Depreciation	(1 408 514)	(2 092 215)	(3 500 729)
Acquisitions	395 234	3 078 943	3 474 177
Capital under Construction	9 443 222	-	9 443 222
Depreciation	( 329 326)	( 922 225)	(1 251 553)
Carrying value of disposals	-	( 11 480)	( 11 480)
Cost	-	( 122 480)	( 122 480)
Accumulated depreciation	-	111 000	111 000
Transfers between votes	( 21 339)	21 339	-
Cost	( 31 447)	31 447	-
Accumulated depreciation	10 108	( 10 108)	-
Carrying values at 30 June 2006	18 464 854	5 735 807	24 200 661
Cost	20 192 588	8 649 355	28 841 943
Accumulated Depreciation	(1 727 734)	(2 913 548)	(4 641 282)

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of been constructed.



# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>4 CREDITORS</b>		
Trade creditors	169 172	1 957 421
Other creditors	51 223	4 531
Retentions	106 174	898 460
Payments received in advance	-	429 782
	<u>326 569</u>	<u>3 290 194</u>
<b>5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>Conditional Grants from other spheres of Government</b>		
Municipal Infrastructure Grant	2 020 550	7 982 633
Sports Grant	-	-
Transitional Grant	-	63 303
District Transport Plan	357 426	914 741
Municipal Systems Improvement Grant	344 828	672 694
Finance Management Grant	573 954	364 939
LED learnership	-	25 755
Drought relief	869 180	931 208
Public Works - Mokamole agriculture farm	23 450	24 475
Umsobomvu Youth Grant	80 320	-
Community Based Public Works Programme	547 883	-
Fire Fighting Grant	1 250 000	-
<b>Total Conditional Grants and Receipts from other spheres of Government</b>	<u>6 067 591</u>	<u>10 979 748</u>
<b>Other conditional grants</b>		
Mayor's Bursary Grant	25 000	-
<b>Total Other Conditional Grants and Receipts</b>	<u>25 000</u>	<u>-</u>
<b>Total Unspent Conditional Grants and Receipts</b>	<u>6 092 591</u>	<u>10 979 748</u>
See note 13 for reconciliation of grants.		
<b>6 VAT</b>		
VAT refundable/(payable)	<u>798 401</u>	<u>( 107 572)</u>
VAT is payable on the payment basis. Only once payment is received from debtors, VAT is paid over to SARS.		

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>7 LONG TERM RECEIVABLES</b>		
Car loans	-	153 165
Deposit water and electricity	30 465	30 465
	<u>30 465</u>	<u>193 630</u>
Less Current portion transferred to current receivables	-	106 608
Car loans	<u>-</u>	<u>106 608</u>
<b>Total</b>	<u><u>30 465</u></u>	<u><u>87 022</u></u>
<b>Car loans</b>		
Senior staff were previously entitled to car loans which attract interest between 7.95% and 13.2% per annum and is repayable over a maximum period of 6 years. The last loan was settled in the 2007 year.		
<b>Deposit water and electricity</b>		
These are deposits held for water and electricity services.		
<b>8 CONSUMER DEBTORS</b>		
RSC levies	717 440	1 706 668
Abattoir	273 623	207 948
	<u>991 063</u>	<u>1 914 616</u>
Less: Provision for bad debts (Refer to Appendix E1)	( 668 107)	( 32 347)
<b>Total</b>	<u><u>322 956</u></u>	<u><u>1 882 269</u></u>
<b>Abattoir: Ageing</b>		
Current (0 - 30 days)	165 465	172 183
31 - 60 days	38 447	269
61 - 90 days	35 215	2 881
+ 91 days	34 496	32 615
<b>Total</b>	<u><u>273 623</u></u>	<u><u>207 948</u></u>
<b>Reconciliation of the bad debt provision</b>		
Balance at beginning of the year	32 347	106 314
Contributions to provision	635 760	1 618
Bad debts written off against provision	-	( 75 585)
<b>Balance at end of year</b>	<u><u>668 107</u></u>	<u><u>32 347</u></u>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>9 OTHER DEBTORS</b>		
Investments	259 541	208 259
Interest on call investments & bank	484 883	370 077
Vehicle loans	-	142 223
Irregular expenditure (note 20)	-	18 234
Other	69 586	110 940
	<u>814 010</u>	<u>849 733</u>
An investment amounting to R1 041 296 capital is held with New Republic Bank, which is presently under receivership. An investment amounting to R343 374 capital is held with Regal Treasury Bank which is presently under liquidation. The investments were written down to fair value:		
New Republic Bank Limited	259 541	208 259
Regal Treasury Private Bank Limited	-	-
Interest on call investments and bank for 2006 included a correction of error referred to in note 16.1.		
<b>10 CALL INVESTMENT DEPOSITS</b>		
6 Month fixed deposits	<u>20 000 000</u>	<u>13 000 000</u>
<b>11 BANK BALANCES AND CASH</b>		
The municipality has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
First National Bank - Modimolle branch Account number 53170034748		
Cash book balance at beginning of year	5 175 856	1 273 305
Cash book balance at end of year	<u>5 204 458</u>	<u>5 175 856</u>
Bank statement balance at beginning of year	8 322 717	5 660 097
Bank statement balance at end of year	<u>7 271 132</u>	<u>8 322 717</u>
<u>Other accounts</u>		
Investments		
Call	20 000 000	7 000 000
14 Days fixed deposit	-	7 000 000
32 Days fixed deposits	-	15 000 000
60 Days fixed deposits	24 000 000	15 000 000
90 Days fixed deposits	28 000 000	21 000 000
	<u>72 000 000</u>	<u>65 000 000</u>
Petty cash	<u>1 700</u>	<u>1 700</u>
Total Balance	<u>77 206 158</u>	<u>70 177 556</u>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
12 SERVICE CHARGES		
Abattoir services	<u>2 004 164</u>	<u>1 910 248</u>
13 GOVERNMENT AND OTHER GRANTS		
Equitable share	47 544 602	3 441 177
Municipal Infrastructure Grant	5 962 083	56 292 591
Sport Grant	-	1 500 000
Transitional Grant	63 303	-
District Transport Plan	557 315	-
Municipal Systems Improvement Grant	1 327 867	1 995 916
Finance Management Grant	290 965	242 335
LED learnership	25 755	35 791
Drought Relief Grant	62 028	18 792
Public Works - Nkontla pre school	-	6 761
Public Works - Uitsigt bakery	-	12 069
Public Works - Mokamole agricultural farm	1 025	6 584
Disaster Grant	-	4 000 000
Umsobomvu Youth Grant	819 680	-
DBSA Grant	438 917	-
	<u>57 093 560</u>	<u>67 552 016</u>

### 13.1 Equitable share

The equitable share is an unconditional grant and is utilised to fund fire fighting services, projects and operating expenditure.

### 13.2 Municipal Infrastructure Grant

Balance unspent at beginning of year	7 982 633	12 373 011
Current year receipts	-	51 902 213
Conditions met - transferred to income	<u>(5 962 083)</u>	<u>(56 292 591)</u>
Conditions still to be met - transferred to liabilities	<u>2 020 550</u>	<u>7 982 633</u>

The grant is used to construct infrastructure assets in the local municipalities. An amount of R932 550 was utilised in 2006 year to fund the Project Management Unit (PMU). The conditions of the grant were met. There were no delay or withholding of the grant.

### 13.3 Sports Grant

Balance unspent at beginning of year	-	1 500 000
Current year receipts	-	-
Conditions met - transferred to income	-	<u>(1 500 000)</u>
Conditions still to be met - transferred to liabilities	-	-

The grant was allocated for the construction of a sporting facility in Lephalala. The conditions of the grant were met. There was no delay or withholding of the grant.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>13 GOVERNMENT GRANTS (continued)</b>		
<b>13.4 Transitional grant</b>		
Balance unspent at beginning of year	63 303	63 303
Current year receipts	-	-
Conditions met - transferred to income	( 63 303)	-
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>63 303</u>
The grant was utilised to finance changes on the financial system.		
<b>13.5 District Transport Plan</b>		
Balance unspent at beginning of year	914 741	64 741
Current year receipts	-	850 000
Conditions met - transferred to income	( 557 315)	-
Conditions still to be met - transferred to liabilities	<u>357 426</u>	<u>914 741</u>
The grant was utilised to develop the current public transport record system and to review the transport plan and the balance will be utilised to implement the integrated transport plan.		
<b>13.6 Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	672 695	1 668 811
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to income	(1 327 867)	(1 995 916)
Conditions still to be met - transferred to liabilities	<u>344 828</u>	<u>672 695</u>
The grant is utilised to fund the PIMSS unit and assist the municipalities with implementation of new legislation and the IDP review process. The conditions of the grant were met. No funds have been withheld.		
<b>13.7 Finance Management Grant</b>		
Balance unspent at beginning of year	364 939	607 274
Current year receipts	500 000	-
Conditions met - transferred to income	( 290 985)	( 242 335)
Conditions still to be met - transferred to liabilities	<u>573 954</u>	<u>364 939</u>
The grant is utilised for the appointment of the financial interns, financial training and assist with the implementation of the MFMA. The conditions of the grant were met. No funds have been withheld.		
<b>13.8 LED Learnership</b>		
Balance unspent at beginning of year	25 755	19,746
Current year receipts	-	41 800
Conditions met - transferred to income	( 25 755)	( 35 791)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>25 755</u>
The grant was utilised for the training of LED learners. The conditions of the grant were met.		

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>13 GOVERNMENT GRANTS (continued)</b>		
<b>13.9 Drought Relief</b>		
Balance unspent at beginning of year	931 208	950 000
Current year receipts	-	-
Conditions met - transferred to income	( 62 028)	( 18 792)
Conditions still to be met - transferred to liabilities	<u>869 180</u>	<u>931 208</u>
The grant will be utilised for emergency drought relief in the District. The projects will be identified by the local municipalities.		
<b>13.10 Public Works -Nkontla pre school</b>		
Balance unspent at beginning of year	-	6 761
Current year receipts	-	-
Conditions met - transferred to income	-	( 6 761)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>13.11 Public Works - Uitsigt bakery</b>		
Balance unspent at beginning of year	-	12 069
Current year receipts	-	-
Conditions met - transferred to income	-	( 12 069)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
<b>13.12 Public Works - Mokamole agricultural farm</b>		
Balance unspent at beginning of year	24 475	31 060
Current year receipts	-	-
Conditions met - transferred to income	( 1 025)	( 6 584)
Conditions still to be met - transferred to liabilities	<u>23 450</u>	<u>24 475</u>
These funds were utilised for LED projects. Balance will be transferred to Mogalakwena Local Municipality who is now responsible for this project.		
<b>13.13 Disaster Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	4 000 000
Conditions met - transferred to income	-	(4 000 000)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
The grant was utilised to fund the construction of the district disaster management centre in Modimolle. The conditions of the grant were met. No funds have been withheld.		
<b>13.14 Umsobomvu Youth Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	900 000	-
Conditions met - transferred to income	( 819 680)	-
Conditions still to be met - transferred to liabilities	<u>80 320</u>	<u>-</u>
The grant is utilised to fund youth advisors at the local municipalities.		

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>13 GOVERNMENT GRANTS (continued)</b>		
<b>13.15 Community Based Public Works Programme</b>		
Balance unspent at beginning of year	-	-
Current year receipts	547 883	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>547 883</u>	<u>-</u>
The grant will be utilised to fund infrastructure projects. The conditions were met. No funds have been withheld.		
<b>13.16 Fire Fighting Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 250 000	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>1 250 000</u>	<u>-</u>
The grant will be utilised to fund the acquisition of fire fighting equipment.		
<b>13.17 Mayor's Bursary Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	25 000	-
Conditions met - transferred to income	-	-
Conditions still to be met - transferred to liabilities	<u>25 000</u>	<u>-</u>
The grant will be utilised to fund study bursaries.		
<b>13.18 DBSA Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	438 917	-
Conditions met - transferred to income	<u>(438 917)</u>	<u>-</u>
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
The grant was utilised to fund the training of finance officials in the Finance Departments of the District and Local Municipalities.		
<b>14 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and wages	11 723 735	11 685 160
Employee related costs - Contributions for UIF, pensions and medical aids	3 255 941	2 994 781
Travel and other allowances	1 435 955	1 894 107
Housing benefits and allowances	95 778	89 809
Overtime allowances	28 133	73 449
(Refer to Appendix E1)	<u>16 539 542</u>	<u>16 737 306</u>
There were no advances to employees. Loan to an employee is set out in note 7.		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	460 417	424 505
Travel allowance	116 866	123 033
Council contributions	119 013	109 344
<b>Total</b>	<u>696 296</u>	<u>656 882</u>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>14 EMPLOYEE RELATED COSTS (continued)</b>		
<b>Remuneration of the Chief Financial Officer</b>		
Annual Remuneration	302 998	359 115
Travel allowance	70 700	108 005
Council contributions	64 000	88 707
<b>Total</b>	<b>437 698</b>	<b>555 827</b>
The Chief Financial Officer resigned as from 28 February 2007. The new Chief Financial Officer was appointed as from 11 June 2007.		
<b>Remuneration of Individual Managers:</b>		
<b>Technical Services</b>		
Annual Remuneration	295 598	411 708
Travel allowance	78 400	117 600
Council contributions	933	1 252
<b>Total</b>	<b>374 931</b>	<b>530 560</b>
The Technical Services Manager resigned as from 28 February 2007.		
<b>Planning &amp; Economic Development</b>		
Annual Remuneration	371 220	317 314
Travel allowance	69 957	64 469
Council contributions	99 423	85 717
<b>Total</b>	<b>540 600</b>	<b>467 500</b>
The manager Planning & Economic Development was appointed as from 1 August 2005.		
<b>Corporate Service</b>		
Annual Remuneration	381 000	354 000
Travel allowance	122 958	122 695
Council contributions	85 219	79 132
<b>Total</b>	<b>589 177</b>	<b>555 827</b>
<b>Social Services</b>		
Annual Remuneration	322 140	273 553
Travel allowance	97 565	90 316
Council contributions	89 095	76 131
<b>Total</b>	<b>508 800</b>	<b>440 000</b>
The manager Social Services was appointed as from 1 August 2005.		



# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
14 EMPLOYEE RELATED COSTS (continued)		
Executive Mayor's Office		
Annual Remuneration	177 567	-
Travel allowance	50 962	-
Council contributions	51 471	-
Total	<u>280 000</u>	<u>-</u>
The manager Executive Mayor's Office was appointed as from 1 December 2006.		
15 REMUNERATION OF COUNCILLORS		
Executive Mayor	406 024	344 984
Speaker	212 542	256 124
Mayoral Committee members	515 861	564 956
Councillors	1 397 810	890 399
Council's contributions	287 257	190 070
Total Councillors Remuneration	<u>2 819 494</u>	<u>2 246 533</u>
In kind benefits		
The Executive Mayor and Speaker are full time councillors. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has use of a Council owned vehicle and has a driver.		
16 CORRECTION OF ERROR		
16.1 During the year ended 30 June 2006, FNB underprovided for interest on our current account.		
The comparative amount has been restated as follows:		
Correction of interest on bank account		143 087
Total net effect on Surplus for the year	<u>-</u>	<u>143 087</u>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>17 CASH GENERATED FROM OPERATIONS</b>		
Net surplus for the year	22 340 820	1 865 013
Adjustment for -		
Depreciation	1 442 515	1 251 553
Investment Income	(8 264 432)	(6 104 610)
Loss on disposal of property, plant and equipment	-	4 024
Gain on disposal of property, plant and equipment	( 52 982)	( 44)
Contributions to provisions - current	( 87 272)	493 365
<b>Operating surplus/(deficit) before working capital changes</b>	<b>15 378 649</b>	<b>(2 490 699)</b>
Decrease in Consumer Debtors	1 559 313	2 376 684
Decrease in Other Debtors	35 723	22 204
Decrease in VAT	( 905 973)	( 168 656)
Decrease in Unspent Conditional Grants and Receipts	(4 887 158)	(6 316 826)
Decrease in Creditors	(2 963 625)	(2 438 143)
Decrease in Consumer Deposits	( 3 000)	( 254)
(Increase)/Decrease in investment deposits	(7 000 000)	20 000 000
<b>Cash generated from operations</b>	<b>1 213 929</b>	<b>10 984 310</b>

### 18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:

Bank balance	5 204 458	5 175 856
Call investment deposits	72 000 000	65 000 000
Petty cash	1 700	1 700
	<b>77 206 158</b>	<b>70 177 556</b>

### 19 FINANCIAL INSTRUMENTS

The main risks of the Municipality are interest rate risk, liquidity risk, credit risk and the fair value of financial instruments.

#### *Interest rate risk*

The Municipality is exposed to interest rate risk on its investments. The risk is managed by only investing with counterparties of a high credit standing.

#### *Currency risk*

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No 56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

### 19 FINANCIAL INSTRUMENTS (continued)

#### *Liquidity risk*

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's strong credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

#### *Credit risk*

Credit risk is the risk that would be incurred as a result of non-performance by counterparties of their contractual obligations towards the Municipality.

To manage the risk the Municipality has a credit control policy. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

#### *Counterparties:*

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

#### *Fair value of financial instruments*

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

	2007 R	2006 R
20 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	66 315	66 315
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered - Contingent Asset	( 66 315)	-
Fruitless and wasteful expenditure awaiting condonement	-	66 315

#### *Prior year*

This expenditure arose from late payment to a contractor on an MIG project.

#### *Prior year*

The disciplinary case was finalised in December 2006. The total legal cost for the duration of this case was R 660 865 of which R 16 102 must be recovered from the dismissed employee. R 66 315 fruitless and wasteful expenditure from the prior year must also be recovered from the dismissed employee. The remainder of legal cost will be carried by the Municipality.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
<b>20 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (continued)</b>		
Reconciliation of irregular expenditure		
Opening Balance	-	-
Irregular expenditure current year	200 498	18 234
Condoned or written off by Council	( 200 498)	-
To be recovered - Contingent Asset	-	( 18 234)
Irregular expenditure awaiting condonement	<u>-</u>	<u>-</u>
<b>Prior year</b>		
This expenditure arose from the granting of conditional bursaries which is regarded as contravening the MFMA. The bursaries have since been recovered.		
<b>Current year</b>		
Expenses was incurred on the discretionary fund vote without a policy for this expenditure. The expenditure incurred on this vote was condoned by Council and a policy on discretionary expenses was approved by Council.		
Reconciliation of unauthorised expenditure		
Opening Balance	-	-
Unauthorised expenditure current year	175 167	-
Condoned or approved by Council	-	-
To be recovered - Contingent Asset	-	-
Unauthorised expenditure awaiting authorisation	<u>175 167</u>	<u>-</u>
<b>Current year</b>		
Damaged meat claims was paid out to customers due to malfunctioning of equipment. The abattoir was upgraded to adress this issue. Legal fees were overspent due to a disciplinary hearing. Municipal accounts were overspent due to difficulty in estimation of water and electrisity usage. Item to be submitted to council to condone these expenditure.		
<b>21 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>21.1 Contributions to organised local government</b>		
Opening Balance	-	-
Council subscriptions	83 765	79 024
Amount Paid - current year	<u>( 83 765)</u>	<u>( 79 024)</u>
<b>21.2 Audit fees</b>		
Opening balance	-	-
Current year audit fees - statutory	689 657	597 813
- forensic	18 073	-
Amount paid - current year	<u>( 707 730)</u>	<u>( 597 813)</u>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
21 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
21.3 VAT		
VAT input receivables and VAT output receivables are shown in note 6. All VAT returns have been submitted by the due date throughout the year.		
21.4 PAYE		
Opening Balance	-	-
Current year payroll deductions	2 938 627	2 748 534
Amount Paid - Current year	<u>(2 938 627)</u>	<u>(2 748 534)</u>
	-	-
21.5 Pension and Medical Aid deductions		
Opening Balance	-	-
Current year payroll deductions	2 971 669	3 885 556
Amount Paid - Current year	<u>(2 971 669)</u>	<u>(3 885 556)</u>
	-	-
22 REMUNERATION OF AUDIT COMMITTEE MEMBERS		
Remuneration	<u>75 405</u>	<u>30 658</u>
3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses.		
23 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for		
- Land and buildings	<u>2 193 987</u>	<u>3 698 670</u>
The expenditure will be financed from:		
- Own resources	<u>2 193 987</u>	<u>3 698 670</u>
24 RELATED PARTIES		
There are no related party transactions or balances for the current year.		
25 COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).		

# WATERBERG DISTRICT MUNICIPALITY

## APPENDIX A SCHEDULE OF EXTERNAL LOANS

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2006/06/30	Received during the period	Redeemed written off during the period	Balance at 2007/06/30	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
TOTAL EXTERNAL LOANS			0	0	0	0	0	0

# WATERBERG DISTRICT MUNICIPALITY

## APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfer	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer	Disposals	Closing Balance	
<b>Land and Buildings</b>												
Land	728 000	-	-	-	-	728 000	-	-	-	-	-	728 000
Buildings	19 464 589	-	-	1 857 839	-	21 322 428	1 727 735	334 564	-	-	2 062 299	19 260 129
	<b>20 192 589</b>	<b>-</b>	<b>-</b>	<b>1 857 839</b>	<b>-</b>	<b>22 050 428</b>	<b>1 727 735</b>	<b>334 564</b>	<b>-</b>	<b>-</b>	<b>2 062 299</b>	<b>19 988 129</b>
<b>Other Assets</b>												
Motor Vehicles	4 911 909	247 034	-	-	115 950	5 042 993	922 839	505 361	-	94 692	1 333 508	3 709 485
Computer equipment	1 442 110	318 027	-	-	10 522	1 749 615	625 401	259 546	-	5 261	879 686	869 929
Office equipment	898 495	49 471	-	-	-	947 966	592 908	166 758	-	-	759 666	188 300
Furniture and Fittings	1 158 080	213 329	-	-	-	1 371 409	600 435	146 506	-	-	746 941	624 468
Machinery	238 760	6 725	-	-	-	245 485	171 964	29 780	-	-	201 744	43 741
	<b>8 649 354</b>	<b>834 586</b>	<b>-</b>	<b>-</b>	<b>126 472</b>	<b>9 357 468</b>	<b>2 913 547</b>	<b>1 107 951</b>	<b>-</b>	<b>99 953</b>	<b>3 921 545</b>	<b>5 435 923</b>
<b>TOTAL</b>	<b>28 841 943</b>	<b>834 586</b>	<b>-</b>	<b>1 857 839</b>	<b>126 472</b>	<b>31 407 896</b>	<b>4 641 282</b>	<b>1 442 515</b>	<b>-</b>	<b>99 953</b>	<b>5 983 844</b>	<b>25 424 052</b>

Assets under construction refers to the District Disaster Centre in Modimolle and the Disaster Centre in Lephalale.

# WATERBERG DISTRICT MUNICIPALITY

## APPENDIX C SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Transfers	Closing Balance	
Financial	565 888	258 836	-	-	-	824 524	333 791	83 400	-	-	417 191	407 333
Municipal Manager	314 728	2 044	-	-	-	316 772	206 061	58 187	-	-	264 248	52 524
Corporate	10 004 874	239 454	-	( 126 472)	26 626	10 144 682	2 196 077	552 756	( 98 953)	9 834	2 658 714	7 485 968
Planning and Economic Development	334 710	1 139	-	-	( 5 810)	330 039	90 571	61 561	-	( 4 469)	147 663	182 376
Technical	362 547	-	-	-	-	362 547	135 424	57 237	-	-	192 661	169 886
Executive Mayor's Office	1 419 831	14 581	-	-	( 17 179)	1 417 233	593 300	229 021	-	( 6 719)	815 602	601 531
Social	142 856	130 117	-	-	( 3 837)	268 936	59 461	31 541	-	1 354	92 356	176 580
Fire fighting	13 879 028	178 913	1 857 839	-	-	15 915 780	263 964	254 635	-	-	518 599	15 397 181
PIMSS	390 062	8 360	-	-	-	398 422	226 176	51 751	-	-	277 927	120 495
Abattoir	1 427 619	1 342	-	-	-	1 428 961	536 457	62 426	-	-	598 883	830 078
<b>TOTAL</b>	<b>28 841 943</b>	<b>834 586</b>	<b>1 857 839</b>	<b>( 126 472)</b>	<b>0</b>	<b>31 407 896</b>	<b>4 641 282</b>	<b>1 442 515</b>	<b>( 98 953)</b>	<b>0</b>	<b>5 983 844</b>	<b>25 424 052</b>



# WATERBERG DISTRICT MUNICIPALITY

## APPENDIX D SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 (Surplus)/ Deficit R		2007 Actual Income R	2007 Actual Expenditure R	2007 (Surplus)/ Deficit R
13 724 636	5 135 054	44 195 031	Financial	11 520 433	5 430 740	45 579 433
	2 175 082	(2 215 082)	Animal Management		2 087 496	(2 087 496)
14 197	5 136 412	(5 121 957)	Engineering	184 557	4 451 232	(4 266 675)
14 104	5 137 531	(5 123 427)	Planning and Economic Development	534 100	4 631 990	(4 097 890)
56 380 154	79 217 751	(22 837 597)	Technical	5 024 111	10 147 296	(5 123 185)
17 000	7 415 501	(7 398 501)	Executive Mayor's Office	519 580	7 042 436	(6 522 856)
4 181 000	5 454 645	(1 273 645)	Social	210	5 365 065	(5 364 855)
55 546	2 832 408	(2 776 862)	Fire fighting	234 068	3 139 161	(2 905 093)
1 405 016	2 231 697	( 826 681)	HMSS	1 328 285	1 824 819	( 496 534)
1 510 547	1 867 486	( 356 939)	Abattoir	2 045 158	2 196 072	( 150 914)
392 650	4 104 631	( 3 711 981)	Project Management Unit			
<b>119 382 272</b>	<b>117 617 259</b>	<b>1 765 013</b>	<b>TOTAL</b>	<b>72 785 420</b>	<b>50 554 604</b>	<b>22 230 816</b>
	( 155 000)	100 000	Less Inter-Department Charges		( 155 000)	115 000
<b>119 382 272</b>	<b>117 617 259</b>	<b>1 865 013</b>	<b>TOTAL</b>	<b>72 785 420</b>	<b>50 444 604</b>	<b>22 345 816</b>

WATERBERG DISTRICT MUNICIPALITY

UNAUDITED INFORMATION - APPENDIX E(1)  
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

REVENUE	2007 Actual R	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Regional Services Levies - turnover	4 020 244	-	4 020 244	-	RSC levies were abolished on 30 June 2006. No levies were budgeted in the current financial year. The levies received are additional income for the current year.
Regional Services Levies - remuneration	896 627	-	896 627	-	RSC levies were abolished on 30 June 2006. No levies were budgeted in the current financial year. The levies received are additional income for the current year.
Interest earned - external investments	8 099 390	1 200 000	6 899 390	574.95	The increase is due to surplus funds invested at competitive rates and an increase in the interest rate.
Interest earned - outstanding debtors	165 042	8 250	156 792	1900.51	RSC debtors are long outstanding and handed over to lawyers. Provision is made for bad debt on these accounts.
Abattoir income	2 004 164	2 165 405	( 161 241)	-7.45	
Government grants and subsidies	57 093 560	49 695 000	7 398 560	14.43	Umsobomvu and DBSA grant were not budgeted as these projects only materialised during the course of the year.
Other income	399 708	1 000	398 708	39870.78	Income on procurement registration and SETA was not budgeted for. Recovery of provision for loss on investment is a book entry and was not budgeted for.
Public contributions - donated and contributed property, plant and equipment	53 403	-	53 403		Donated and contributed property, plant and equipment was not budgeted for.
Gain on disposal of property, plant and equipment	52 982	-	52 982		Disposals of property, plant and equipment was not budgeted for.
<b>Total Revenue</b>	<b>72 785 420</b>	<b>53 259 655</b>	<b>19 525 765</b>		
EXPENDITURE					
Employee related costs	16 539 542	26 220 790	(9 681 248)	-36.92	The underspending is due to vacancies that existed in the departments.
Remuneration of Councillors	2 819 494	2 931 100	( 111 606)	-3.81	
Bad debt	625 750	10 600	625 150	5897.73	Increase in provision due to provision for bad debts on RSC levies not provided for in the prior year.
General expenses	7 341 572	9 717 678	(2 376 104)	24.45	Mainly due to underspending on delegation expenses, equipment rental, audit fees and telephone expenses.
Repairs & Maintenance	262 478	397 950	( 135 472)	-34.04	Mainly underspending on repairs and maintenance of computer equipment due to installation of new computers.
Fire Fighting	2 681 920	4 594 810	(1 902 890)	-41.41	Mainly due to under claiming of local municipalities.
Project expenditure	12 749 237	320 000	12 429 237	3584.14	Expenditure incurred for projects rolled over from previous financial year.
M/G project expenditure	5 962 083	-	5 962 083		Expenditure incurred for projects rolled over from previous financial year.
Depreciation	1 442 515	1 389 600	52 915	3.81	
Loss on disposal of Property, Plant and Equipment	-	-	-		
Less inter departmental charges	-	( 110 000)	110 000		
<b>Total Expenditure</b>	<b>50 444 600</b>	<b>45 472 526</b>	<b>4 972 074</b>		
<b>NET SURPLUS FOR THE YEAR</b>	<b>22 340 820</b>	<b>7 787 129</b>	<b>14 553 692</b>		

# WATERBERG DISTRICT MUNICIPALITY

## UNAUDITED INFORMATION - APPENDIX E(2) ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	<u>2007</u> <u>Actual</u>	<u>2007</u> <u>Under</u> <u>Construction</u>	<u>2007</u> <u>Revaluation</u>	<u>2007</u> <u>Total</u> <u>Additions</u>	<u>2007</u> <u>Budget</u>	<u>2007</u> <u>Variance</u>	<u>2007</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	R		R	R	R	%	
Land and Buildings								
Land	-			-	-	-	-	
Buildings	-	1 857 839		1 857 839	2 900 000	(1 042 161)	-35.94	Mayoral house and new abattoir projects not started yet. Disaster centre construction funded from roll over budget from prior years.
Other Assets								
Motor Vehicles	247 034			247 034	2 100 000	(1 852 966)	-88.24	Not all fire fighting vehicles were purchased.
Computer Equipment	318 027			318 027	750 000	( 431 973)	-57.60	Purchased new computers only and not totally new financial system.
Office Equipment	49 471			49 471	50 000	( 529)	-1.06	
Furniture and Fittings	213 329			213 329	1 643 000	(1 429 671)	-87.02	Overbudgeting on furniture for disaster centre.
Machinery	6 725			6 725	7 000	( 275)	(3.92)	
<b>TOTAL</b>	<b>834 586</b>	<b>1 857 839</b>	<b>-</b>	<b>2 692 425</b>	<b>7 450 000</b>	<b>(4 757 575)</b>		